

ORIGINAL
JOHNSON UTILITIES, L.L.



5230 East Shea Boulevard * Scottsdale, Arizona 85254
PH: (480) 998-3300; FAX: (480) 483-7908

January 24, 2006

Brian Bozzo
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, Arizona 85007

RE: Johnson Utilities, L.L.C.: Compliance with Decision No. 68235
RE: \$500,000 Performance Bond
WS-02987A-05-0088

Dear Mr. Bozzo:

Pursuant to the above mentioned decision, Johnson Utilities hereby submits this compliance filing in accordance with the Commission's order to procure a \$500,000 performance bond prior to retail service being provided to any customers in the CC&N extension area. Enclosed please find the \$500,000 Performance Bond from National Bank of Arizona in the form of an Irrevocable Standby Letter of Credit attached hereto as Attachment No. 1. Johnson Utilities will file on or before April 15, 2006 a letter of bond confirmation as required by this Decision.

If you need any additional information in regards to this compliance item, please do not hesitate to contact me. Thank you for your time and consideration in this matter.

Sincerely,

Daniel Hodges
Johnson Utilities, LLC

Cc: Ernest Johnson, Director
Brian Tompsett, Johnson Utilities
Richard Sallquist, Sallquist, Drummond & O'Connor
Docket Control

AZ CORP COMMISSION
DOCUMENT CONTROL

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ATTACHMENT 1



LC #: 10566
Date: January 6, 2006
Amount: 500,000.00

ARIZONA CORPORATE COMMISSION
1200 West Washington
Phoenix, AZ. 85007

IRREVOCABLE STANDBY LETTER OF CREDIT

GENTLEMEN:

AT THE REQUEST OF: JOHNSON UTILITIES, L.L.C., an Arizona limited liability company, 5230 East Shea Blvd., Suite 200, Scottsdale, Az. 85254

FOR THE ACCOUNT OF: JOHNSON UTILITIES, L.L.C., an Arizona limited liability company, 5230 East Shea Blvd., Suite 200, Scottsdale, Az. 85254

WE HEREBY OPEN IN YOUR FAVOR OUR IRREVOCABLE STANDBY LETTER OF CREDIT FOR SUM OR SUMS NOT EXCEEDING FIVE HUNDRED THOUSAND AND NO/100 U.S. DOLLARS

AVAILABLE BY YOUR DRAFT(S) AT SIGHT ON US

NATIONAL BANK OF ARIZONA
Documentation Dept. AZ 7013
6001 N. 24th Street,
PHOENIX, AZ 85016

WHEN DRAWN IN ACCORDANCE WITH THE TERMS AND ACCOMPANIED BY THE DOCUMENTS LISTED BELOW.

KNOW ALL MEN BY THESE PRESENTS, THAT WE, JOHNSON UTILITIES, L.L.C., AS PRINCIPAL AND NATIONAL BANK OF ARIZONA, AS SURETY ARE HELD AND FIRMLY BOUND UNTO THE ARIZONA CORPORATE COMMISSION IN THE AMOUNT OF FIVE HUNDRED THOUSAND AND 00/100 (\$500,000.00) LAWFUL MONEY OF THE UNITED STATES OF AMERICA FOR THE PAYMENT OF WHICH THE PRINCIPAL AND SURETY ARE HEREBY JOINTLY AND SEVERALLY BOUND.

NOW THEREFORE, IF THE SAID PRINCIPAL, OR ANY ASSIGNS OF HIS FAILS TO PROVIDE COMPETITIVE WATER AND WASTEWATER SERVICES SO FURNISHED, THE SAID SURETY WILL PAY THE SAME TO THE USERS OF THE PRINCIPAL WITH THE CONSENT OF THE ARIZONA CORPORATE COMMISSION AS TRUSTEE, AN AMOUNT NOT EXCEEDING THE SUM HEREINABOVE SPECIFIED, THEN THIS OBLIGATION SHALL BE NULL AND VOID; OTHERWISE IT SHALL REMAIN IN FULL FORCE AND EFFECT.

PROVIDED FURTHER, THAT REGARDLESS OF THE NUMBER OF YEARS THIS LETTER OF CREDIT SHALL CONTINUE IN FORCE AND THE NUMBER OF PREMIUMS WHICH SHALL BE PAYABLE OR PAID, THE SURETY SHALL NOT BE LIABLE THEREUNDER FOR A LARGER AMOUNT, IN THE AGGREGATE, THAN THE AMOUNT OF THE BOND.

THIS LETTER OF CREDIT SHALL BE AUTOMATICALLY EXTENDED FOR AN ADDITIONAL PERIOD OF ONE YEAR FROM THE PRESENT OR EACH FUTURE EXPIRATION DATE UNLESS WE HAVE NOTIFIED YOU IN WRITING, NOT LESS THAN THIRTY (30) DAYS BEFORE SUCH EXPIRATION DATE, THAT WE



National Bank

O F A R I Z O N A

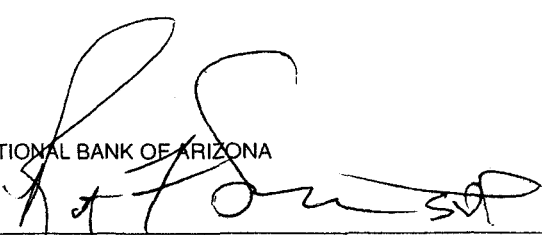
ELECT NOT TO RENEW THIS LETTER OF CREDIT. OUR NOTICE OF SUCH ELECTION SHALL BE SENT CERTIFIED MAIL TO YOUR ABOVE ADDRESS (OR SUCH OTHER ADDRESS AS YOU MAY ADVISE US OF IN WRITING).

PARTIAL DRAWINGS ARE ALLOWED.

THE ORIGINAL OF THIS LETTER OF CREDIT MUST BE PRESENTED WITH ANY AND ALL DRAWINGS EFFECTED HEREUNDER. WE HEREBY AGREE WITH YOU THAT DRAFTS DRAWN UNDER AND IN COMPLIANCE WITH THE TERMS OF THIS CREDIT, THAT SUCH DRAFTS, WILL BE DULY HONORED IF PRESENTED AT NATIONAL BANK OF ARIZONA, DOCUMENTATION DEPT. AZ 7013, 6001 NORTH 24th STREET, PHOENIX, AZ 85016 ON OR BEFORE **JANUARY 6, 2007**.

DRAFTS DRAWN UNDER THIS CREDIT MUST BE ENDORSED AND CONTAIN THE CLAUSE "DRAWN UNDER NATIONAL BANK OF ARIZONA LETTER OF CREDIT NO. 10566 DATED **JANUARY 6, 2006**."

NATIONAL BANK OF ARIZONA


AUTHORIZED SIGNATURE

Unless otherwise expressly stated, this Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits, established by The International Chamber of Commerce Publication, applicable on the date of this Letter of Credit.